

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
31 DECEMBER 2024**

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period ended 31 December 2024
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM	RM	RM	RM
Revenue	51,347,276	42,766,170	143,664,627	121,141,409
Other income	612,593	417,283	2,166,476	1,374,104
Cost of inventories sold	(12,235,360)	(8,893,910)	(31,762,948)	(24,409,171)
Depreciation of PPE & right-of-use assets	(633,506)	(620,351)	(1,823,069)	(1,894,810)
Impairment allowance	(11,110,501)	(6,406,473)	(31,895,804)	(19,312,167)
Other expenses	(12,044,785)	(11,161,679)	(34,751,702)	(32,226,210)
Finance costs	(4,099,167)	(3,100,751)	(11,700,369)	(8,735,820)
Share of Results of Associates, Net of Tax	15,724	-	26,195	-
Profit before taxation	11,852,274	13,000,289	33,923,406	35,937,335
Taxation	(3,009,652)	(3,392,784)	(8,682,497)	(8,988,265)
Profit for the financial period	8,842,622	9,607,505	25,240,909	26,949,070
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	8,842,622	9,607,505	25,240,909	26,949,070
Earnings per ordinary share - basic (sen)	1.94	2.11	5.55	5.93
Earnings per ordinary share - diluted (sen)	1.94	2.11	5.55	5.93

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2024)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(The figures have not been audited.)

	As at 31.12.2024 RM	As at 31.03.2024 RM
ASSETS		
Non-current assets		
Property, plant and equipment	33,187,125	33,325,532
Investment in associate	3,317,415	4,035,220
Other investment	744,000	-
Hire purchase receivables	559,802,142	493,757,125
Right-of-use assets	3,717,222	4,379,086
Deferred tax assets	6,579,977	5,854,201
	<u>607,347,881</u>	<u>541,351,164</u>
Current assets		
Inventories	15,760,030	15,657,348
Other assets	4,619,447	2,489,347
Trade receivables	21,984,458	19,325,481
Hire purchase receivables	156,105,446	147,992,055
Financing receivables	95,508	55,744
Other receivables, deposits and prepayments	1,716,019	1,396,770
Current tax assets	85,749	817,598
Short term funds	48,587,333	63,984,908
Cash and bank balances	20,401,059	13,878,959
	<u>269,355,049</u>	<u>265,598,210</u>
Total assets	<u><u>876,702,930</u></u>	<u><u>806,949,374</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,493,098	351,493,098
Retained earnings	134,423,869	131,923,383
Total equity	485,916,967	483,416,481
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	226,567,049	194,958,860
Lease liabilities	3,049,414	3,742,358
	<u>229,616,463</u>	<u>198,701,218</u>
Current liabilities		
Trade payables	7,227,329	7,300,266
Other payables and accruals	9,431,579	9,540,784
Block discounting payables - secured	97,161,585	83,912,739
Term loan - unsecured	-	2,298,000
Revolving Credit - secured	20,000,000	20,000,000
Lease liabilities	1,113,633	1,054,600
Bank overdraft	19,733,477	-
Current tax liabilities	6,501,897	725,286
	<u>161,169,500</u>	<u>124,831,675</u>
Total liabilities	<u><u>390,785,963</u></u>	<u><u>323,532,893</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>876,702,930</u></u>	<u><u>806,949,374</u></u>
Net assets per share	1.07	1.06

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2024)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 December 2024
(The figures have not been audited.)

	Number of Issued Shares Units	Share Capital RM	Retained Earnings RM	Total Equity RM
Balance as at 1 April 2023	454,808,456	351,493,098	120,279,736	471,772,834
Total comprehensive income	-	-	26,949,070	26,949,070
Second interim dividend for financial year ended 31 March 2023	-	-	(15,918,329)	(15,918,329)
Interim dividend for financial year ended 31 March 2024	-	-	(9,096,169)	(9,096,169)
Balance as at 31 December 2023	454,808,456	351,493,098	122,214,308	473,707,406
Balance as at 1 April 2024	454,808,456	351,493,098	131,923,383	483,416,481
Total comprehensive income	-	-	25,240,909	25,240,909
Second interim dividend for financial year ended 31 March 2024	-	-	(13,644,254)	(13,644,254)
Interim dividend for financial year ending 31 March 2025	-	-	(9,096,169)	(9,096,169)
Balance as at 31 December 2024	454,808,456	351,493,098	134,423,869	485,916,967

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2024)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial period ended 31 December 2024

(The figures have not been audited.)

	9 months ended	
	31.12.2024	31.12.2023
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	33,923,406	35,937,335
Adjustment for :		
Depreciation of property, plant and equipment	920,883	996,642
Depreciation of right-of-use assets	902,186	898,168
Fair value (gain)/loss on short term funds	292,277	-
Gain on disposal of property, plant and equipment	-	(46,858)
Derecognition of right-of-use assets	(807)	-
Property, plant and equipment written off	3,748	-
Inventories written down	146,525	254,318
Impairment allowances made for the financial year:		
- hire-purchase receivables	34,891,737	21,312,273
- trade receivables	304,752	269,419
Interest expense	11,519,353	8,520,774
Interest on lease liabilities	181,016	215,045
Interest income	(334,202)	(328,718)
Income from short term funds	(575,994)	(329,713)
Unrealised loss/(gain) on foreign exchange	(13,957)	(20,798)
Share of (profit)/loss of associate	(26,195)	-
Operating profit before working capital changes	82,134,728	67,677,887
Changes in working capital:		
Inventories	(249,207)	(749,610)
Other assets	(2,130,100)	(2,317,544)
Hire purchase receivables	(109,050,145)	(62,272,657)
Financing receivables	(39,764)	(82,496)
Trade receivables	(2,949,772)	756,622
Other receivables, deposits and prepayments	(319,249)	(593,624)
Trade payables	(73,406)	3,430,131
Other payables and accruals	(103,263)	780,391
	(114,914,906)	(61,048,787)
Cash (used in)/generated from operations	(32,780,178)	6,629,100
Tax paid	(2,899,812)	(10,192,512)
Tax refunded	-	356,879
Net cash (used in)/from operating activities	(35,679,990)	(3,206,533)
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(786,224)	(1,080,749)
Purchase of unquoted shares	-	(4,030,000)
Proceeds from disposal of property, plant and equipment	-	120,436
Interest received	334,202	328,718
Income received from short term funds	575,994	329,713
Net cash (used in)/from investing activities	123,972	(4,331,882)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial period ended 31 December 2024

(The figures have not been audited.)

	9 months ended	
	31.12.2024	31.12.2023
	RM	RM
<u>Cash flows from financing activities</u>		
Net repayment of term loans	(2,298,000)	(3,006,000)
Net drawdown/(repayment) of block discounting payables	45,100,637	68,870,535
Net drawdown/(repayment) of revolving credit	-	-
Interest paid	(11,768,429)	(8,849,842)
Repayment of lease liabilities	(1,054,442)	(1,022,842)
Dividend paid	(22,740,423)	(25,014,498)
Net cash from/(used in) financing activities	7,239,343	30,977,353
Net (decrease)/increase in cash and cash equivalents during the financial period	(28,316,675)	23,438,938
Effects of fair value changes on cash and cash equivalents	(292,277)	-
Cash and cash equivalents as at beginning of financial year	77,863,867	28,668,699
Cash and cash equivalents as at end of financial period	49,254,915	52,107,637
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	20,401,059	16,081,974
Bank overdraft	(19,733,477)	(536,047)
Short term funds	48,587,333	36,561,710
	49,254,915	52,107,637

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2024)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2024

A1 Accounting Policies And Basis Of Preparation

The interim financial statements have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and Chapter 9 Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements are unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2024, which had been prepared in accordance with Malaysian Financial Reporting Standards (MFRS).

The accounting policies adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2024 except for the adoption of new MFRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning or after 1 April 2024.

On 1 April 2024, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Supplier Finance Arrangements</i> and MFRS 7	1 January 2024

Application of the above accounting standards, amendments and interpretations are not expected to have a material impact on the financial statements of the Group.

A2 Seasonal and Cyclical Factors

Generally, the Group's revenue will benefit from higher consumer spendings during festive seasons in Malaysia.

A3 Unusual Items due to Their Nature, Size or Incidence

There were no unusual items that may affect the amount stated in the interim financial statements during the financial year ended 31 December 2024.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 December 2024.

A5 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 December 2024.

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Notes to the Interim Financial Statements
for the third quarter ended 31 December 2024

A6 Dividend Paid

On 20 June 2024, the Company had paid a second interim single tier dividend of 3.00 sen per share in respect of the financial year ended 31 March 2024, the dividend amounting to RM13.64 million.

On 18 December 2024, the Company had paid a single-tier interim dividend of 2.00 sen per share for the financial year ending 31 March 2025 amounting to RM9.10 million.

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<u>Quarter Ended 31 December 2024</u>			
Revenue (External)	32,667,698	18,679,578	51,347,276
Other income	569,026	43,567	612,593
Cost of inventories sold	-	(12,235,360)	(12,235,360)
Depreciation of PPE & right-of-use assets	(347,679)	(285,827)	(633,506)
Impairment allowance	(10,983,052)	(127,449)	(11,110,501)
Other expenses	(7,418,156)	(4,626,629)	(12,044,785)
Finance costs	(4,072,696)	(26,471)	(4,099,167)
Share of Results of Associates, Net of Tax	-	15,724	15,724
Profit before tax	10,415,141	1,437,133	11,852,274
<u>Quarter Ended 31 December 2023</u>			
Revenue (External)	28,978,886	13,787,284	42,766,170
Other income	424,723	(7,440)	417,283
Cost of inventories sold	-	(8,893,910)	(8,893,910)
Depreciation of PPE & right-of-use assets	(331,795)	(288,556)	(620,351)
Impairment allowance	(6,177,634)	(228,839)	(6,406,473)
Other expenses	(7,795,611)	(3,366,068)	(11,161,679)
Finance costs	(3,067,440)	(33,311)	(3,100,751)
Profit before tax	12,031,129	969,160	13,000,289

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2024

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<u>9 Months Ended 31 December 2024</u>			
Revenue (External)	95,139,175	48,525,452	143,664,627
Other income	2,081,044	85,432	2,166,476
Cost of inventories sold	-	(31,762,948)	(31,762,948)
Depreciation of PPE & right of use assets	(1,013,166)	(809,903)	(1,823,069)
Impairment allowance	(31,604,503)	(291,301)	(31,895,804)
Other expenses	(21,865,887)	(12,885,815)	(34,751,702)
Finance costs	(11,619,809)	(80,560)	(11,700,369)
Share of Results of Associates, Net of Tax	-	26,195	26,195
Profit before tax	31,116,854	2,806,552	33,923,406
Segment assets	806,707,479	69,995,451	876,702,930
Segment liabilities	385,592,762	5,193,201	390,785,963
<u>9 Months Ended 31 December 2023</u>			
Revenue (External)	83,153,707	37,987,702	121,141,409
Other income	1,258,946	115,158	1,374,104
Cost of inventories sold	-	(24,409,171)	(24,409,171)
Depreciation of PPE & right-of-use assets	(1,036,757)	(858,053)	(1,894,810)
Impairment allowance	(19,048,542)	(263,625)	(19,312,167)
Other expenses	(21,764,926)	(10,461,284)	(32,226,210)
Finance costs	(8,637,221)	(98,599)	(8,735,820)
Profit before tax	33,925,207	2,012,128	35,937,335
Segment assets	691,511,722	67,617,265	759,128,987
Segment liabilities	279,978,146	5,443,435	285,421,581

A8 Subsequent Events

There was no material event subsequent to the current quarter.

A9 Changes in the Composition of the Group

There were no changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the financial period ended 31 December 2024.

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 31 December 2024.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2024

A11 Capital Commitments

There were no material capital commitments for the purchase of property, plant and equipment as at the end of the financial period ended 31 December 2024.

A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 31 December 2024.

B1 Review of Performance**YEAR TO DATE AND CURRENT QUARTER (FY2025-Q3 vs FY2024-Q3)**

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2024	31.12.2023			31.12.2024	31.12.2023		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	51,347,276	42,766,170	8,581,106	20%	143,664,627	121,141,409	22,523,218	19%
Profit before interest and tax	15,951,441	16,101,040	(149,599)	-1%	45,623,775	44,673,155	950,620	2%
Profit before taxation	11,852,274	13,000,289	(1,148,015)	-9%	33,923,406	35,937,335	(2,013,929)	-6%
GROUP	As at		Variance	Variance				
	31.12.2024	31.12.2023						
	RM	RM			RM	%		
Hire Purchase Receivables	715,907,588	616,063,330	99,844,258	16%				
Bank Borrowings	363,462,111	264,092,299	99,369,812	38%				

The Group's revenue for the quarter increased by 20% to RM51.35 million due to higher contribution from both hire purchase and furniture segments. The Group's profit before tax for the quarter decreased by 9% to RM11.85 million mainly due to lower contribution from hire purchase segment.

Hire purchase receivables as at 31 December 2024 stood at RM715.91 million, which is 16% higher than the previous year that is in line with the Group's strategy to grow its hire purchase receivables.

The Group's bank borrowings increased by 38% to support the increased hire purchase receivables. Nevertheless, the Group's gearing remains at a manageable level of 0.75 times as compared to 0.56 times one year ago.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2024

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2024	31.12.2023			31.12.2024	31.12.2023		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	32,667,698	28,978,886	3,688,812	13%	95,139,175	83,153,707	11,985,468	14%
Profit before interest and tax	14,487,837	15,098,569	(610,732)	-4%	42,736,663	42,562,428	174,235	0%
Profit before taxation	10,415,141	12,031,129	(1,615,988)	-13%	31,116,854	33,925,207	(2,808,353)	-8%

Revenue increased by 13% to RM32.67 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 78% to RM10.98 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 1.00% to 1.55%. The higher impairment allowance and credit loss charge were mainly due to the slower hirer repayment.

Other expenses decreased by 5% to RM7.42 million mainly due to lower operating costs. Cost to income ratio stood at 27% during the quarter as compared to 31% in the previous corresponding quarter. Finance cost increased by 33% to RM4.07 million mainly due to the higher borrowings to support the increased hire purchase receivables.

The profit before tax decreased by 13% to RM10.42 million mainly due to higher impairment allowances during the quarter.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2024	31.12.2023			31.12.2024	31.12.2023		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	18,679,578	13,787,284	4,892,294	35%	48,525,452	37,987,702	10,537,750	28%
Profit before interest and tax	1,463,604	1,002,471	461,133	46%	2,887,112	2,110,727	776,385	37%
Profit before taxation	1,437,133	969,160	467,973	48%	2,806,552	2,012,128	794,424	39%

Revenue increased by 35% to RM18.68 million mainly due to higher domestic sale especially in East Malaysia which is in line with the Group's strategy to grow our presence in Sabah and Sarawak. The gross profit margin decreased marginally from 35.5% to 34.5% mainly due to higher imported goods purchase cost as a result of rising shipping costs.

Impairment allowance decreased by 44% to RM0.13 million mainly due to better repayment from furniture dealers in this quarter as compared to corresponding quarter last year.

Other expenses increased by 37% to RM4.63 million mainly due to higher selling and distribution cost resulting from shipping costs to East Malaysia and operating costs that was in line with the increase in furniture sales.

The segment recorded a higher profit before tax of RM1.44 million mainly due to higher furniture sales and lower impairment allowance.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2024

YEAR-TO-DATE (FY2025 YTD vs FY2024 YTD)

The Group's revenue increased by 19% to RM143.66 million mainly due to higher contribution from both hire purchase and furniture segments. However, the Group's profit before tax decreased by 6% to RM33.92 million mainly due to lower contribution from hire purchase segment.

Hire Purchase Segment

Revenue increased by 14% to RM95.14 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 66% to RM31.60 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 3.22% to 4.72%. The higher impairment allowance and credit loss charge were mainly due to the slower repayment from hirers and higher losses incurred from sales of repossessed vehicles in this financial period.

The net impaired loans ratio decreased from 0.56% as at 31 March 2024 to 0.50% as at 31 December 2024 due to higher level of impairment provision for the impaired loans.

Cost to income ratio stood at 27% in this financial period as compared to 30% in the previous corresponding period.

Finance cost increased by 36% to RM11.62 million due to higher borrowings to support the increased hire purchase receivables.

The profit before tax for the nine (9) months period decreased by 8% from RM33.93 million to RM31.12 million mainly due to higher impairment allowance.

Furniture Segment

Revenue increased by 28% to RM48.53 million mainly due to higher furniture sales in this financial period as compared to the previous corresponding period. The gross profit margin decreased from 36% to 35% mainly due to higher imported goods purchase cost as a result of rising shipping costs.

Impairment allowance increased to RM0.28 million mainly due to slower repayment from furniture dealers in this financial period as compared to the previous corresponding period.

Other expenses increased by 23% to RM12.89 million mainly due to higher selling, distribution and operating costs which was in line with the increase in furniture sales.

The segment recorded a higher profit before tax of RM2.81 million for the nine (9) months period ended 31 December 2024 mainly due to higher furniture sales.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2024

B2 Comparison of Results with Preceding Quarter

GROUP	Current Quarter	Immediate Preceding Quarter	Variance	Variance
	31.12.2024	30.09.2024		
	RM	RM	RM	%
Revenue	51,347,276	46,437,731	4,909,545	11%
Profit before interest and tax	15,951,441	14,891,748	1,059,693	7%
Profit before taxation	11,852,274	11,080,901	771,373	7%
Hire purchase receivables	715,907,588	693,965,212	21,942,376	3%
Bank borrowings	363,462,111	312,070,475	51,391,636	16%

The Group's profit before tax for the current quarter of RM11.85 million was higher as compared to RM11.08 million of the immediate preceding quarter mainly due to a higher profit contribution from hire purchase segment in the current quarter.

B3 Prospects and Outlook

The Malaysian economy expanded by 5.3% in the third quarter of 2024, according to the Bank Negara Malaysia's ("BNM") Third Quarter Report of 2024. It is driven by strong investment activity and continued improvement in exports. On the supply side, most sectors remained supportive of growth. However, growth was partly offset by maintenance activities in the mining sector.

BNM also reported that year-to-date, both headline and core inflation averaged 1.8%. The impact of the diesel price adjustment on broader prices has been contained due to effective mitigation and enforcement measures. The inflation outlook will depend on future domestic policy measures regarding subsidies and price controls, as well as global commodity prices and financial market developments.

For the hire purchase segment, ELK-Desa is confident that demand for used car financing will continue to outstrip supply, more so within the niche and underserved used car financing market that it operates in. In FY2025, ELK-Desa will be focused on driving down impaired loans ratio even more by pro-actively engaging our customers and maintaining our pace in recovery efforts. However, we expect to experience increasing pressure in collection and recovery due to the uncertainties on the living cost arising from government subsidies rationalisation.

For our furniture segment, ELK-Desa will stay on track with its strategic direction to grow our presence in Sabah and Sarawak. We plan to bolster our logistic arrangements in order to have a competitive edge over other wholesalers from Peninsular Malaysia. In an effort to become more competitive within the markets in Sabah and Sarawak, we aim to offer more in terms of diversity and range of products, while positioning ourselves as a trusted partner in delivering quality and value for money furniture products.

Moving forward, in view of the strong domestic demand, we intend to expand our hire purchase portfolio in a robust yet sustainable manner. However due to the increasing pressure in collections and recovery amidst the festive season in March 2025, the Board of Directors opines that our current year performance will be lower than the last financial year.

B4 Profit Forecasts

The Group did not issue any profit forecasts for the period under review.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements
for the third quarter ended 31 December 2024

B5 Taxation

Tax charge for the quarter and financial period ended 31 December 2024 are set out below:

	3 months ended 31.12.2024 RM	9 months ended 31.12.2024 RM
(a) Income Tax	1,977,688	9,408,273
(b) Deferred Taxation	1,031,964	(725,776)
	<u>3,009,652</u>	<u>8,682,497</u>
Effective tax rate	25%	26%

The effective tax rate of the Group for the current quarter ended 31 December 2024 was higher than the statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

B6 Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced for the Group as at the reporting date.

B7 Group Borrowings & Debt Securities

The Group did not have any borrowings or debt securities that were denominated in foreign currency.

Borrowings	As at 31.12.2024 RM	As at 31.12.2023 RM
Block Discounting Payables - within 1 year	97,161,585	78,609,243
(Fixed rate and secured) - later than 1 year	226,567,049	181,647,009
	323,728,634	260,256,252
Term Loan - within 1 year	-	3,300,000
(Floating rate and secured) - later than 1 year	-	-
	-	3,300,000
Bank overdraft (Floating rate and secured)	19,733,477	536,047
Revolving Credit (Floating rate and secured)	20,000,000	-
Total Borrowings	<u>363,462,111</u>	<u>264,092,299</u>
Gearing ratio (times)	0.75	0.56

B8 Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

B9 Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

Year-to-date ("YTD") dividend for the financial period ended 31 December 2024 is 2.00 sen per ordinary share (YTD FY2024: 2.00 sen per share).

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Notes to the Interim Financial Statements
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B10 Earnings Per Share

Basic earnings per share was calculated by dividing the Group's net profit by the weighted average number of ordinary shares in issue during the financial period.

	Quarter ended 31.12.2024	Quarter ended 31.12.2023	Year to date 31.12.2024	Year to date 31.12.2023
Profit after taxation (RM)	8,842,622	9,607,505	25,240,909	26,949,070
Weighted average number of ordinary	454,808,456	454,808,456	454,808,456	454,808,456
Basic earnings per ordinary share (sen)	1.94	2.11	5.55	5.93

Diluted earnings per share is equivalent to the basic earnings per share as the Group has no dilutive potential ordinary shares during the current and prior financial years.

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2024 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2024 RM	9 months ended 31.12.2024 RM
Profit before taxation is arrived at after charging:		
Interest expense	4,040,474	11,519,353
Interest on lease liabilities	58,692	181,016
Fair value (gain)/ loss on short term funds	(18,996)	292,277
Inventories written down	96,270	146,525
And crediting :		
Interest	354,446	910,196
Unrealised foreign exchange gain / (loss)	146,033	13,957
Realised foreign exchange gain / (loss)	(101,512)	(280,354)